



Kurdistan Regional Government of Iraq

Oil production, export, consumption and revenue for
the period 1 July 2022 to 30 September 2022

31 January 2023

31 January 2023

Regional Council for Oil
and Gas Affairs

Kurdistan Regional
Government

Kurdistan Region, Iraq

Review of the Kurdistan Regional Government of Iraq's oil production, export, consumption and revenue for the period 1 July 2022 to 30 September 2022

- 1.1 We were appointed by the Regional Council for Oil and Gas Affairs ("RCOG") of the Kurdistan Regional Government ("KRG") to review oil production, export, consumption and revenue for 2022, as well as prior years 2014 to 2021.
- 1.2 We have completed our review of the schedule of oil export, consumption and revenue for the period 1 July 2022 to 30 September 2022 ("Q3 2022"), attached as Schedule 1 to this report. We have previously reviewed and reported on the schedule of oil export, consumption and revenue for the period 1 January 2017 to 30 June 2022.
- 1.3 Our procedures involved reviewing export and sales records; undertaking periodic site visits; making inquiries of oil producers; reviewing production metering records; and undertaking other procedures as required.
- 1.4 We report our findings below:
 - 1.4.1 Oil export and consumption - We did not identify any misstatements in the 1 July 2022 to 30 September 2022 oil export and consumption data.
 - 1.4.2 Oil sales - We did not identify any misstatements in the 1 July 2022 to 30 September 2022 oil sales data and the net amount received in the period by the KRG.
- 1.5 This report is limited to the data contained in Schedule 1 and does not extend to any further information that may have been produced or published by the KRG.
- 1.6 We used sampling and other techniques to the extent we considered necessary to verify the data in Schedule 1. Our review was dependent on documentation provided by all stakeholders (oil producers, refineries, oil traders, the pipeline operator, and the KRG's Ministry of Natural Resources), and the accuracy and completeness thereof.
- 1.7 This report has been prepared for RCOG. Deloitte accepts no responsibility or liability to any third parties for any opinions expressed or any inaccuracy, omission or error regarding any information contained within this report. No party, other than the RCOG, is entitled to rely on this report for any purpose whatsoever.

Yours faithfully,



Neil Hargreaves
Deloitte Professional Services (DIFC) Limited



Robert O'Hanlon
Deloitte & Touche (M.E.)

SCHEDULE 1

Oil production, export, consumption and revenue

1 July 2022 to 30 September 2022

 Oil Exports and Consumption	Period Total
Piped export of crude oil (Note 2)	35,977,571 bbls
Crude oil delivered for MNR refining	2,319,088 bbls
Local sales	433,516 bbls
Total exported & consumed (Note 3)	38,730,175 bbls

 Pipeline Export Sales Analysis	Period Total
Net oil lifted by the buyers (net quantity after inventory movement and removal of water content) (Note 4)	37,147,815 bbls
Gross value of crude oil sold	3,096,914,127 USD
Average price per barrel achieved for oil sold (Note 5)	83.367 USD/bbl

 Refinery and Local Sales Analysis	Period Total
Net oil (crude and condensate) lifted by the buyers (net quantity after removal of water content and evaporation losses during transportation) (*)	435,731 bbls
Gross value of crude and condensate sold (*)	19,976,044 USD
Average price per barrel achieved for crude and condensate sold	45.845 USD/bbl
<i>(*) Refinery and Local Sales includes 140,487 bbls of condensate that was provided to a refinery at a reduced price under the MNR's fuel subsidy program.</i>	

 Financial Flows	Period Total
Gross value of crude oil and condensate sold (Piped exports and local sales)	3,116,890,171 USD
Net movement in buyer account balances (Note 6)	(210,212,450) USD
Interest and other charges and credits (Note 7)	(49,151,324) USD
Payments made to oil producers (Note 8)	(978,556,593) USD
Tariff payments to Turkish Energy Company (TEC)	(126,335,608) USD
Payments made to Kurdistan Pipeline Company (KPC) under the pipeline concession agreement	(106,192,385) USD
Payments made to other parties by the KRG (Note 9)	(43,353,515) USD
Net cash balance received by the KRG for sales and related activities	1,603,088,296 USD

NOTES TO SCHEDULE 1

Oil production, export, consumption and revenue

1 July 2022 to 30 September 2022

Note 1

All figures in Schedule 1 for the period 1 July 2022 to 30 September 2022 oil production, export, consumption and revenue data are based on the records provided by stakeholders to the KRG. The KRG pipeline has also been used to export North Oil Company (NOC) crude oil during the period. This oil is not included in Schedule 1.

Note 2

Gross crude oil lifted by the buyers	37,241,387	bbls
Increase (decrease) in storage at oil terminal	(1,263,816)	bbls
Piped export of crude oil	35,977,571	bbls

Note 3

Total oil exported and consumed represents the production from KRG-operated fields, after taking account of the following:

- The change in the quantity of oil in the pipeline during the period;
- Operational losses and volume differences during pipeline and trucking transportation due to repairs, metering calibration differences, evaporation during trucking condensate, etc.; and
- Timing differences between pipeline inputs from NOC and the allocation of NOC oil at the export terminal.

Note 4

Gross piped exports lifted by buyers are 37,241,387 bbls, whereas the net piped export sales are 37,147,815 bbls. The difference between the gross and net piped exports is due to the removal of contaminants such as water.

Note 5

The net piped export barrels and average price per barrel achieved for oil sold by month is as follows:

July 2022	August 2022	September 2022	Q3 2022
12,954,416 bbls	9,992,125 bbls	14,201,274 bbls	37,147,815 bbls
96.051 USD/bbl	82.697 USD/bbl	72.269 USD/bbl	83.367 USD/bbl

Note 6

The net movement in buyer account balances during the period was a decrease of USD 210,212,450. The resulting total balance owing from the KRG to buyers at the end of the period was USD 3,306,284,601. Part of this balance includes amounts advanced in Euro that are to be repaid in Euro at the prevailing exchange rate at the time of settlement, therefore the final repayment amount may differ from the current balance stated in this note. Claims from the buyers that are pending MNR approval are not included in this balance. The total balance owing from the KRG to the buyers does not include an additional Euro 310,000,000 reclassified as oil prepayments in a prior period, but not yet released to the KRG (see also Note 10).

Note 7

Interest and other charges and credits of USD 49,151,324 is made up of the following:

- USD 40,591,192 in interest charges;
- USD 5,209,625 in excess water disposal costs;
- USD 2,811,709 for transportation costs from a field to the pipeline; and
- USD 538,798 in crude oil testing and inspection costs paid by the KRG.

Note 8

Payments made to oil producers include USD 194,220,208 for settlement of unpaid amounts from prior years.

Note 9

Payments made to other parties of USD 43,353,515 is made up of the following:

- USD 25,000,000 for gas pipeline construction costs;
- USD 13,106,851 for payment of refinery processing fees; and
- USD 5,246,664 for legal & professional services provided to the KRG.

Note 10

At the end of Q3 2022, USD 294 million and Euro 310 million of KRG oil revenues remain held in bank accounts in Lebanon. Banks in Lebanon continue to restrict the movement of foreign currency outside the country.



About Deloitte

Deloitte & Touche (M.E) LLP ("DME") is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP ("NSE"), a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL").

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500[®] companies. Learn how Deloitte's approximately 300,000 people make an impact that matters at www.deloitte.com.

DME is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926. DME's presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME's affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

About Deloitte Professional Services (DIFC) Limited

Deloitte Professional Services (DIFC) Limited ("DPSL") is incorporated in the Dubai International Financial Centre ("DIFC"), with commercial registration number CL0748 and is registered with the Dubai Financial Services Authority ("DFSA") as a Designated Non-Financial Business or Profession. DPSL is a sublicensed affiliated entity of DME. DPSL has a 100% wholly owned subsidiary in the DIFC namely Deloitte Corporate Finance Advisory Limited (DCFAL) which has commercial registration CL2220. DCFAL is regulated by the DFSA and licensed to provide regulated financial advisory services. DPSL & DCFAL co-inhabit with their principal place of business and registered offices at Al Fattan Currency House, Building 1, 5th Floor, Dubai International Financial Centre, Dubai, United Arab Emirates. Tel: +971 (0) 4 506 4700 Fax: +971 (0) 4 327 3637.